

HB

985

H.B. NO. 985

A BILL FOR AN ACT

RELATING TO FORMS SUBMITTED TO THE INSURANCE COMMISSIONER.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 481R-4, Hawaii Revised Statutes, is
2 amended by amending subsections (a) and (b) to read as follows:

3 "(a) Before conducting business in this State or issuing
4 any warranty, a warrantor shall register with the commissioner,
5 on a form prescribed by the commissioner, and shall pay to the
6 commissioner a fee as provided under section 431:7-101. A
7 person who sells or solicits a vehicle protection product, but
8 who is not a warrantor, shall not be required to register with
9 the commissioner as a warrantor.

10 (b) Warrantor registration records shall be updated
11 annually and shall contain the following information:

12 (1) The address of the principal office of the warrantor;

13 (2) The name and address of the warrantor's agent for the
14 service of process in this State, if other than the
15 warrantor;

16 (3) The identities of the warrantor's executive officer or
17 officers directly responsible for the warrantor's
18 vehicle protection product business;

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(4) The name, address, and telephone number of any administrators designated by the warrantor to be responsible for the administration of vehicle protection product warranties in this State; and
~~[(5) A copy of each warranty form the warrantor proposes to use in this State; and~~
~~(6)]~~ (5) A statement that the warrantor is in compliance with the financial security requirements of section 481R-5 and that details how the warrantor intends to meet the requirements, and proof of compliance with the requirements."

SECTION 2. Section 481X-3, Hawaii Revised Statutes, is amended to read as follows:

"[f] ~~§481X-3~~ [f] **Registration.** (a) Before conducting business in this State, a provider shall register with the commissioner, on a form prescribed by the commissioner, and shall pay to the commissioner a fee as provided under section 431:7-101.

(b) Provider registration shall be updated annually and shall contain the following information:

(1) The address of the principal office of the provider;

(2) The name and address of the provider's agent for the service of process in this State, if other than the provider;

(3) The identities of the provider's executive officer or officers directly responsible for the provider's service contract business;

(4) The name, address, and telephone number of any administrators designated by the provider to be responsible for the administration of service contracts in this State; and

~~[(5) A copy of each service contract form the provider proposes to use in this State; and~~

~~(6)]~~ (5) A statement that the provider is in compliance with the financial responsibility requirements of section 481X-4 and that details how the provider intends to meet the requirements, and proof of compliance with the requirements."


SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

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1 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY: 

4

BY REQUEST

JAN 22 2019

H.B. NO. 985

Report Title:

Insurance; Insurance Commissioner; Forms; Vehicle Protection
Product Warrantors; Service Contract Providers

Description:

Removes the requirement that a vehicle protection product
warrantor and a service contract provider submit to the
Insurance Commissioner a copy of each warranty or service
contract form proposed for use in the State.

*The summary description of legislation appearing on this page is for informational purposes only and is
not legislation or evidence of legislative intent.*

JUSTIFICATION SHEET

DEPARTMENT: Commerce and Consumer Affairs

TITLE: A BILL FOR AN ACT RELATING TO FORMS
SUBMITTED TO THE INSURANCE COMMISSIONER.

PURPOSE: This bill removes the requirement that a vehicle protection product warrantor and a service contract provider submit to the Insurance Commissioner (Commissioner) a copy of each warranty or service contract form proposed for use in the State.

MEANS: Amend sections 481R-4(a) and (b) and 481X-3, Hawaii Revised Statutes.

JUSTIFICATION: The Commissioner does not have the regulatory authority or expertise to approve warrantor forms and service contract forms.

Impact on the public: Eliminating the form submission requirement will prevent any misconception by warrantors, service contract providers, or the public that the Commissioner has inspected and approved warrantor forms and service contract forms.

Impact on the department and other agencies: This bill will reduce DCCA's administrative expenses and obligations to store and scan these forms, over which the Commissioner has no regulatory authority or approval.

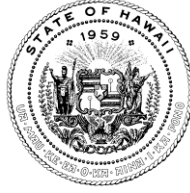
GENERAL FUNDS: None.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: CCA-106.

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: Upon approval.



DAVID Y. IGE
GOVERNOR

JOSH GREEN
LT. GOVERNOR

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Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Consumer Protection and Commerce
Friday, February 1, 2019
2:00p.m.
State Capitol, Conference Room 329**

**On the following measure:
H.B. 985, RELATING TO FORMS SUBMITTED
TO THE INSURANCE COMMISSIONER**

Chair Takumi and Members of the Committee:

My name is Colin Hayashida, and I am the Insurance Commissioner of the Department of Commerce and Consumer Affairs' (Department) Insurance Division. The Department supports this administration bill.

The purpose of this bill is to improve and streamline the administrative process and eliminate unnecessary filing requirements for vehicle protection product warrantors and service contract providers.

Currently, vehicle protection product warrantors and service contract providers must annually submit a copy of each warranty or service contract form proposed for use in the State. The Insurance Commissioner, however, does not have the regulatory authority or expertise to approve these forms. Eliminating the form submission requirement will relieve warrantors and service contract providers from the burden of filing these forms, will not limit the Insurance Commissioner's authority to obtain

necessary information, and will prevent any misconception by warrantors, service contract providers, or the public that the Insurance Commissioner has inspected and approved warrantor forms and service contract forms for use. In addition, this bill will reduce the Insurance Division's administrative expenses and obligations to store and scan these forms.

The Department supports this administration bill and requests that it pass out of this committee unamended. Thank you for the opportunity to testify.

January 31, 2019

Via Hand Delivery

The Honorable Roy M. Takumi, Chair
The Honorable Linda Ichiyama, Vice Chair
House Committee on Consumer protection and Commerce

Re: Support of House Bill 985 / Senate Bill 1211

On behalf of its members, the Motor Vehicle Protection Products Association (MVPPA) would like to express its **support of House Bill 985 and Senate Bill 1211** when it comes to you for consideration.

By way of background, MVPPA is a national trade association with member companies that include providers, retailers, administrators, and insurers of motor vehicle protection products ("VPPs"), which include protection service warranties and protection products. Collectively, MVPPA's members represent the leading companies in the protection products industry. The MVPPA's member companies offer over 80% of the protection products available in the marketplace today and include Ally Insurance, AmTrust Financial Services, Assurant Solutions, Automobile Protection Corporation (APCO), Toyota Motor Insurance Services, CNA National Warranty Co., and Nation Safe Drivers. MVPPA's primary goal is to establish a uniform, balanced regulatory landscape across jurisdictions, one that minimizes confusion or dispute about the regulatory status of protection products.

This bill removes the requirement that a vehicle protection product warrantor and a service contract provider submit to the Insurance Commissioner a copy of each warranty or service contract form proposed for use in the State. This will reduce regulatory burden for providers and streamline the process Insurance Division staff. The bill does not remove other contract and disclosure requirements which protect consumers. Also, the bill does not eliminate the power of the Commissioner to investigate or enforce the service contract and vehicle protection product chapters.

The MVPPA thanks you in advance for your time and consideration in this matter and reiterates its **support of House Bill 985 and Senate Bill 1211** as currently drafted. Please do not hesitate to contact me directly with any questions, concerns, or requests for additional information at jim@meenanolawfirm.com or (850) 425-4000.

Sincerely,



James P. Burleson
Assistant Executive Director
Motor Vehicle Protection Products Association

"Tire, wheel, windshield, dent, appearance care and other valuable coverage."